

**BYLAWS  
OF  
THE WATERS ASSEMBLY, INC.**

The following constitute the Bylaws of The Waters Assembly, Inc., an Alabama nonprofit corporation located in Montgomery, Alabama, and incorporated under the laws of the State of Alabama.

ARTICLE I

NAME

The name of the Association shall be The Waters Assembly, Inc., (hereinafter referred to as the "Association").

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Association shall be located at 10519 Vaughn Road, Pike Road, Montgomery County, Alabama, or at such other place or places as shall be designated from time to time by the Association's Board of Directors.

ARTICLE III

DEFINITIONS

The following underlined terms when capitalized in these Bylaws shall have the meanings ascribed to them below unless a different meaning is otherwise clearly indicated from the context in which such term is used:

Act: Alabama Nonprofit Corporation Act, Sections 10-3A-1 et seq., as amended or replaced from time to time.

Additional Property: Any real property and all improvements (including fixtures) situated thereon (other than the Property) which Developer may from time to time subject to the terms and conditions of the Articles of Incorporation and these Bylaws.

ARB: The Architectural Review Board established in Paragraph B of Article VII hereof, as such committee may be constituted from time to time.

ARB Guidelines: Those rules, Pattern Book, regulations and standards established from time to time by the ARB, with the prior approval of the Board, regarding the design, placement, construction, modification, addition to or alteration of a Lot or any

improvement thereon, including, but not limited to, site standards, building design and materials standards, building construction standards, and any other standards that the ARB deems appropriate for The Waters.

Areas of Association Responsibility: All property, whether real or personal, constituting Association Property, and areas over which the Association has easement rights including any and all beautification easements granted to the Association, and those other areas for which the Association has agreed in writing to be responsible for the maintenance, upkeep, repair or operation of the area, including, but not limited to, (a) all private roadways or easements upon which private roadways providing ingress and egress to, from or within The Waters have been constructed within the boundaries of The Waters, (b) all private roadways or easements upon which private roadways providing ingress to and egress from The Waters have been constructed which roadways or easements may be adjacent to or in close proximity with (but otherwise outside of) The Waters and which provide ingress to or egress from any portion of The Waters, (c) all signage, rear drive lighting, street lighting (standard or non-standard), walkways (sidewalks and otherwise) paths, trails, bicycle and jogging paths and lanes, gates, walls, fences, improvements, landscaping and landscaped or other areas immediately adjacent to any public or private roadways within The Waters, including all medians within any such public or private roadways, or on any public or private roadways which may be adjacent to or in close proximity with The Waters which provide ingress and egress to, from or within any portion of The Waters (other than such areas for which a Governmental Authority or Member is primarily responsible), (d) all lakes, water features, watershed protection or retention ponds or basins, or other areas and facilities located within or serving The Waters (other than such areas for which a Governmental Authority, the Marina Club or Member is primarily responsible), (e) all maintenance areas and parking areas located on any portion of The Waters (other than such areas for which a Member is primarily responsible), and (f) all parks, nature trails, swimming pools, tennis courts, piers, wharves, clubhouses, maintenance facilities, recreational facilities and grounds, amenities facilities and grounds, and any other areas or improvements on, within or adjacent to The Waters which is either located on Association Property or property over which the Association has an easement, or for which the Association has agreed in writing to be responsible.

Articles of Incorporation: The Association's Articles of Incorporation filed in the Probate Office, as amended or restated from time to time.

Assessments: All assessments and charges of all types and character assessed and levied by the Association pursuant to Article VIII hereof (including, but not limited to, fines, fees (including Amenity Fees), costs, expenses, interest and charges thereunder, whether imposed by the Association itself through Board action or for fines, fees, costs, expenses, interest or charges incurred by the Association thereunder) against Lots and Condominium Units, including, when the term is used herein in the plural sense, all items listed in clauses (a) through (f) of Paragraph A of Article VIII unless otherwise clear from the context in which such term is used.

Association: The Waters Assembly, Inc., and its successors and assigns.

Association Meeting: A meeting of the membership of the Association, including Neighborhood Representatives. The Association Meeting shall constitute the membership meeting of the Association described in the Act.

Association Property: All real property, including all improvements, fixtures and structures thereon, and any interest therein, which is dedicated or otherwise conveyed to the Association from time to time by Developer, either by Plat, deed or otherwise, and such other real, personal or mixed property as may now or hereafter be owned by, acquired by or transferred to the Association.

Base Assessment: Those regular assessments assessed and levied by the Association to fund the Expenses, as such assessments are determined by the Board pursuant to Paragraph C of Article VIII hereof.

Board: The Board of Directors of the Association as it may be constituted from time to time in accordance with these Bylaws.

Builder: A Person who has entered into a Builder's Agreement with Developer and who acquires a Lot or Lots in connection with such Builder Agreement.

Bylaws: These bylaws of the Association, including all amendments, additions, deletions and restatements hereto or hereof.

Class: One of the five (5) categories of membership in the Association described in Article IV of these Bylaws.

Class E Membership Termination Date: The date of the first to occur of the following: (i) the date upon which a written consent of the Developer to the termination of the Class E membership is delivered to the President of the Association, or (ii) the later of: (A) June 30, 2034 or (B) the sale of 95% of the Lots as The Waters is then constituted (taking into account all proposed phases of development and any and all Additional Property, as determined by Developer in its sole discretion).

Commercial Lot: Any Lot (exclusive of any Association Property) designated on a Plat for use for commercial purposes.

Condominium Document. Any instrument or instruments, however denominated, that create a condominium under the Alabama Uniform Condominium Act of 1991, as such Condominium Act may be amended from time to time, and any amendments to those instruments.

Condominium Lot. Any Lot subject to a Condominium Document.

Condominium Unit. A “unit” as defined in Section 35-8A-103(26) of the Alabama Uniform Condominium Act of 1991, as amended from time to time, owned in fee simple by a Person (other than a condominium association).

Declaration: Each Declaration of Protective Covenants, Conditions, Easements and Restrictions for The Waters or any portion thereof executed and filed in the Probate Office by Developer, whether by plat or by other instrument or document, and any amendments, restatements or supplements thereto, and any other restrictive or protective covenants, conditions and restrictions that are executed and filed in the Probate Office by Developer with respect to The Waters, by which a Lot or Condominium Unit is made subject to, or is not relieved from after becoming subject to, the terms and conditions of the Articles of Incorporation and these Bylaws.

Deed: Any deed or other similar instrument conveying fee simple title to any interest in a Lot or Condominium Unit.

Developer: The Waters at Waugh, LLC, an Alabama limited liability company, in its capacity as the developer of The Waters and its successors and assigns operating in a similar capacity.

Director: Any individual who is elected to and serves on the Board.

Expenses: The sum of (i) the costs and expenses of operating the Association and (ii) the costs and expenses, of holding, owning, maintaining, improving, operating, repairing, and otherwise managing Association Property or other Areas of Association Responsibility. Expenses of the Association may include, but are not limited to, the following:

(i) Salaries, fringe benefits and other compensation paid and out-of-pocket expenses reimbursed by the Association for its employees, agents, officers, Directors and any third-party contractors;

(ii) Management fees and expenses of administration, including legal and accounting fees, incurred by the Association;

(iii) Utility charges for any utilities serving any of the Areas of Association Responsibility and charges for other common services for The Waters;

(iv) The costs of any insurance policies (including any surety or employee bond premiums) purchased for the benefit of the Association, as required or permitted by the Articles of Incorporation or these Bylaws, including, without limitation, fire, flood and other hazardous coverage, public liability coverage and such other insurance coverage as the Board determines to be in the best interests of the Association, including errors and omissions

insurance, directors and officers liability insurance and any other liability insurance coverage for the benefit of the Association, the Board, any Directors, officers, employees, agents or representatives of the Association or for the ARB or any individuals serving thereon;

(v) The expenses of maintaining, operating, and repairing any of the Areas of Association Responsibility, which maintenance and repair obligations shall include, but not be limited to, mowing, landscaping, seeding, and cleaning;

(vi) The expenses of maintaining, operating, and repairing any amenities and facilities serving The Waters which the Board determines from time to time would be in the best interests of the Association to so maintain, operate, or repair, including, but not limited to, repairing and replacing any and all street lighting (standard or non-standard);

(vii) The expenses of the ARB which are not defrayed by charges imposed by the ARB under the ARB Guidelines or imposed under the Rules;

(viii) Ad valorem real and personal property taxes assessed and levied upon any of the Association Property;

(ix) The costs and expenses of conducting recreational, cultural or other related programs for the benefit of the Members; and

(x) All of the fees, costs and expenses incurred by the Association which the Board, in its sole discretion, determines to be appropriate to be paid by the Association, including, without limitation, taxes and governmental charges not separately assessed against Lots.

Governmental Authority: Any and all city, county, state and federal governmental or quasi-governmental agencies, bureaus, departments, divisions or regulatory authorities having jurisdiction over any portion of The Waters.

Hamlet: A geographical area within The Waters consisting of a group of contiguous Neighborhoods which geographical area is denoted or designated or re-designated by the Developer as a Hamlet, whether on a Plat or Series of Plats or through a Declaration or otherwise in the public records of the Probate Office, and which is further designated by a name to differentiate between other Hamlets. Hamlets are not required to be equal in population or acreage.

Live-Work Lot: Any Lot (exclusive of any Association Property) designated on a Plat for use as a live-work unit.

Individual Assessment: Those assessments and charges assessed and levied by the Association under Paragraph F of Article VIII hereof.

Initiation Assessment: Those processing charges and fees established by the Board from time to time under Paragraph B of Article VIII thereof.

Lot: A platted lot which is located in The Waters and shall also include property located in The Waters conveyed by Developer as a lot and designated as such by Developer and which is platted as a lot after such conveyance.

Marina: The Marina Club, Inc., an Alabama nonprofit corporation, incorporated pursuant to those certain Articles of Incorporation dated June 23, 2004, filed of record in the Office of the Judge of Probate of Montgomery County, Alabama in Corp. Book 250, at Page 53.

Member: Each Person who at a given point in time owns all of, or an undivided interest in fee simple to, a Lot or Condominium Unit, excluding (i) a Mortgagee, as such, unless and until the Mortgagee becomes the owner of the Lot or Condominium Unit through foreclosure or other legal means and (ii) a Builder unless and until such Builder becomes subject to a Base Assessment on his Lots as set forth in Article VIII hereof.

Member's Property: A Residential Lot, Commercial Lot, Condominium Lot, Live-Work Lot or any fee simple interest in any such Lot owned by a Member. Each Lot shall be considered separately for purposes of being Member's Property, and each Lot shall be separately subject to the Assessments.

Member Representative: The Member who is designated or deemed designated under Paragraph B of Article IV hereof to exercise the voting rights for a Lot or Condominium Unit.

Mortgage: Any mortgage, deed of trust or other security device encumbering a Lot or Condominium Unit or any interest in a Lot or Condominium Unit, and which has been duly and properly recorded in the Probate Office.

Mortgagee: The holder of any Mortgage.

Neighborhood: A group of Residential Lots, Commercial Lots, Condominium or Live-Work Lots or any combination thereof which group of Lots is denoted or designated or redesignated by Developer as a Neighborhood on a Plat or series of Plats by which the Lots were created or by written notice from the Developer to the Members in that Neighborhood and which is further denoted or designated by Developer on such Plat or series of Plats or written notice by Developer with a different name to differentiate among the different-type Neighborhoods. Neighborhoods are not required to be equal in population, and a Neighborhood may be composed of non-contiguous property.

Neighborhood Areas: An area, if any, shown on a Plat which is an Area of Association Responsibility and which is designated by the Developer on said Plat for the primary use by one or more Neighborhoods.

Neighborhood Assessment: Those assessments and charges assessed and levied by the Association under Paragraph E of Article VIII hereof.

Neighborhood Meeting: Any meeting, whether annual or special, of the Member Representatives in a Neighborhood under Paragraph C of Article IV hereof.

Neighborhood Representative: The Member Representative who is selected under Paragraph C of Article IV hereof from a Neighborhood to act as liaison between the officers and Directors of the Association and the Member Representatives in that Neighborhood.

Pattern Book: The pattern book as approved from time to time by the Developer for The Waters, which Pattern Book can be established on a per Hamlet basis. If a Pattern Book is established on a per Hamlet basis, such Pattern Book shall not be required to have the same content for each Hamlet.

Person: Any individual, corporation, partnership (limited, general or limited liability), limited liability company, trust, estate or other entity, other than the Association.

Plat: Any subdivision map approved by the County Commission of the County of Montgomery, Alabama, and recorded in the Probate Office for the purpose of partitioning contiguous real property into two or more smaller units or lots with legal boundary lines for the purpose of facilitating the sale, transfer, or development of these divided parcels.

Probate Office: The office of the Judge of Probate of Montgomery County, Alabama, where Deeds, Mortgages, plats and other similar documents of title or reference are filed for record.

Property: The real property described on Exhibit "A" attached hereto.

Residential Lot: Any Lot designated by Plat for use as single family housing excluding a Condominium Lot.

Rules: The rules and regulations of the Association described in Paragraph O of Article V hereof, as the same may be adopted or amended from time to time by the Board.

Special Assessment: Those assessments and charges assessed and levied by the Association against Lots and Condominium Units in order to fund capital improvements, replacements, and other extraordinary or unforeseen costs of the Association as are described in paragraph D of Article VIII hereof, as such assessments and charges may be determined, assessed and levied by the Board in accordance with the provisions of paragraph D of Article VIII hereof.

The Waters: That portion of the Property which Developer subjects from time to time to the terms and conditions of the Articles of Incorporation and these Bylaws via applicable Declaration and includes any Additional Property.

#### ARTICLE IV

#### MEMBERSHIP

A. Membership: The Association shall consist of Members, whose membership in the Association shall fall within one (1) of the five (5) classes of membership set forth in Paragraph B of this Article IV. Each Member shall have only those rights and responsibilities that are explicitly set forth in the Articles of Incorporation and these Bylaws for the particular Member's Class of Membership. Membership in the Association for a Member other than the Developer commences upon the filing in the Probate Office of a Deed in favor of such Member. Membership in the Association for the Developer commences upon the effective date of these Bylaws. Membership in the Association for a Mortgagee or Builder commences as of the date a Mortgagee or Builders becomes a Member (as set forth in Article I hereof). Upon the transfer of Member's Property by Deed, the transferring Member shall become a former Member of the Association with respect to the Member's Property being transferred and shall have no further membership rights with respect thereto, provided, however, that, in no event shall such transfer or conveyance (i) relieve such former Member of any obligation imposed under these Bylaws, the Declaration, the ARB Guidelines, or the Articles of Incorporation with respect to the Member's Property that was transferred which obligation arose prior to or at the time of such transfer or (ii) relieve such transferring Member of any obligation with respect to any other Member's Property owned and retained by that Member for which the transferring Member shall be considered a Member under these Bylaws. Upon the transfer of Member's Property by Deed, the Person receiving a fee simple ownership interest in the Member's Property shall automatically become a Member of the Association subject to all of the duties, obligations and responsibilities contained in the Articles of Incorporation and these Bylaws, including, but not limited to, liability for all Assessments with respect to the Lot or Condominium Unit of which such Member's Property constitutes a part, whether any such Assessment arose prior to, on or after the date a fee simple interest in the Member's Property was received by the Person. For this purpose, the date upon which a Person receives a fee simple interest in Member's Property shall be the date upon which such Deed is filed for record in the Probate Office. In no event shall a Member who has completely transferred all of his Member's Property be liable for any Assessments with respect to the Member's Property that was transferred which are payable for a time period after the date of transfer, which date of transfer shall be deemed to occur on the date of recording the Deed. It is the sole responsibility of a Person receiving a fee simple interest in Member's Property to ascertain and determine the amount of any Assessments due and owing with respect to any Member's Property hereunder; no notice of Assessments will be filed of record until a notice of lien is filed under Article VIII hereof. Each Person receiving a fee simple ownership interest in Member's Property shall, within fifteen (15) days after receiving such interest in Member's Property, notify the Association of such fee interest and provide the Association with a copy of the Deed to such Person.

B. Membership Classes: Subject to the terms and conditions of the Articles of Incorporation and these Bylaws, the rights and qualifications of each Class in the Association are as set forth below:

(1) Class A Membership: Class A membership shall consist of those Members (other than the Developer on and before the Class E Membership Termination Date) who own a fee simple interest in a Residential Lot. Regardless of the number of Persons who own a fee simple interest in a Residential Lot at any given time, only one Person who owns such an interest in such Residential Lot shall be designated to exercise any voting rights with respect to that Residential Lot. The Person designated shall be the "Class A Member Representative" for that Residential Lot. If a Person owns all fee simple interests in a Residential Lot, then that Person shall be deemed designated as the "Class A Member Representative" for that Lot. If more than one Person owns a fee simple interest in a particular Residential Lot at any given time, then the Person or Persons owning a majority of the fee simple interests in that Lot, as determined on a percentage ownership basis in the Lot, shall designate one of the Persons owning an interest therein to serve as "Class A Member Representative" for that Lot. Subject to the terms and conditions of the Articles of Incorporation and these Bylaws, each Class A Member Representative shall be entitled to one (1) vote for each Residential Lot for which he serves as Member Representative.

(2) Class B Membership: Class B membership shall consist of those Members (other than the Developer on and before the Class E Membership Termination Date) who own a fee simple interest in a Condominium Unit. Regardless of the number of Persons who own a fee simple interest in a Condominium Unit at any given time, one (1) Person who owns such an interest in such Condominium Unit shall be designated to exercise any voting rights with respect to that Condominium Unit. The Class B Member designated shall be referred to as the "Class B Member Representative" for that Condominium Unit. If a Person owns all fee simple interests to a Condominium Unit, then that Person shall be deemed designated as the "Class B Member Representative" for that Condominium Unit. If more than one (1) Person owns a fee simple interest in a Condominium Unit at any given time, then the Person or Persons owning a majority of the fee simple interests in that Condominium Unit, as determined on a percentage ownership basis, shall designate one (1) of the Persons owning an interest therein as the "Class B Member Representative" for that particular Condominium Unit. Subject to the terms and conditions of the Articles of Incorporation and these Bylaws, each Class B Member Representative shall be entitled to one (1) vote for each Condominium Unit for which he serves as Member Representative.

(3) Class C Membership: Class C membership shall consist of those Members (other than the Developer on and before the Class E Membership Termination Date) who own a fee simple interest in a Commercial Lot. Regardless of the number of Persons who own a fee simple interest in a Commercial Lot at any given time, only one Person who owns such an interest in such Commercial Lot shall be designated to exercise any voting rights with respect to that Commercial Lot. The Class C Member designated shall be referred to as the "Class C Member Representative" for that Commercial Lot. If

a Person owns all fee simple interests in a Commercial Lot, then that Person shall be deemed designated the "Class C Member Representative" for that Commercial Lot. If more than one Person owns a fee simple interest in a Commercial Lot at any given time, then the Person or Persons owning a majority of the fee simple interests in that Commercial Lot, as determined on a percentage ownership basis in the Lot, shall designate one of the Persons owning a fee simple interest therein to serve as the "Class C Member Representative" for that Lot. Subject to the terms and conditions of the Articles of Incorporation and these Bylaws, a Class C Member Representative shall be entitled to one (1) vote for every 1,500 square feet of heated and cooled floor area which is available for occupancy of any and each building constructed within a Commercial Lot for which he serves as Class C Member Representative (or a fractional vote for the portion of heated and cooled floor area which is available for occupancy less than 1,500 square feet based on a fraction, the numerator of which is the number of square feet of such heated and cooled floor area which is available for occupancy and the denominator of which is 1,500) and one (1) vote for each Commercial Lot which does not have a building containing any square feet of heated, cooled or occupied floor area.

(4) Class D Membership: Class D membership shall consist of those Members (other than the Developer on or before the Class E Membership Termination Date) who own a fee simple interest in a Live-Work Lot. Regardless of the number of Persons who own a fee simple interest in a Live-Work Lot at any given time, only one Person who owns such an interest in such Live-Work Lot shall be designated to exercise any voting rights with respect to that Live-Work Lot. The Class D Member designated shall be referred to as the "Class D Member Representative" for that Live-Work Lot. If a Person owns all fee simple interests in a Live-Work Lot, then that Person shall be deemed designated the "Class D Member Representative" for that Live-Work Lot. If more than one Person owns a fee simple interest in a Live-Work Lot at any given time, then the Person or Persons owning a majority of the fee simple interests in that Live-Work Lot, as determined on a percentage ownership basis in the Live-Work Lot, shall designate one of the Persons owning a fee simple interest therein to serve as the "Class D Member Representative" for that Live-Work Lot. Subject to the terms and conditions of the Articles of Incorporation and these Bylaws, each Class D Member Representative shall be entitled to one (1) vote for Live-Work Lot for which he serves as Member Representative.

(5) Class E Membership: Class E membership shall solely consist of the Developer, who shall be the sole Class E Member. The Class E membership classification shall terminate at 11:59 p.m. (Montgomery, Alabama time) on the Class E Membership Termination Date. After 11:59 p.m. (Montgomery, Alabama time) on the Class E Membership Termination Date, there will be no Class E Member. At 11:59 p.m. (Montgomery, Alabama time) on the Class E Membership Termination Date, the Class E membership interests of Developer shall automatically convert into such other Class of membership interests in the Association as the Developer then qualifies for based on the Developer's then fee simple ownership in any Lots or Condominium Units. On and before the Class E Membership Termination Date, the Developer, as the Class E Member, shall have three (3) votes for every one (1) vote of each Member Representative in all Classes upon each matter presented for a vote at an Association Meeting. After the Class

E Membership Termination Date, the Developer shall have only those voting rights which are in accordance with the Class or Classes of Membership to which Developer's then fee simple ownership entitles it. For all purposes hereunder, the Class E Member shall be deemed a Member Representative holding and entitled to vote the number of votes granted in this subparagraph B(5).

The designation of a Member Representative for a Lot or Condominium Units (other than a deemed designation) shall be made in writing and delivered to the Secretary of the Association. Such written designation delivered to the Secretary of the Association shall be effective for any meeting after the date of such delivery to the Secretary of the Association until revoked by the next following proper written designation for that Lot or Condominium Units. If the written designation is not delivered to the Secretary, all voting rights with respect to that Lot or Condominium Units are suspended until such designation is delivered to the Secretary of the Association. If the Person designated as Member Representative is not a natural person, then the chief executive officer or manager of the designated Member Representative shall be deemed the designated Member Representative. In no event shall a Mortgagee, as such, be entitled to membership hereunder unless and until such Mortgagee acquires title to a Lot or Condominium Units through foreclosure or other legal means. Notwithstanding anything contained herein to the contrary, a Person may be a Member in one or more Classes at the same time, except that, on and before the Class E Membership Termination Date, the Developer shall only be a Class E Member.

C. Neighborhood Meetings and Neighborhood Representatives:

(1) Duties: The Association shall hold an annual Neighborhood Meeting for each Neighborhood. At the applicable annual Neighborhood Meeting, there shall be elected by the Member Representatives within that Neighborhood a Member Representative from that Neighborhood to serve as the Neighborhood Representative. The Neighborhood Representative shall serve as the liaison between the Member Representatives of that Neighborhood and the officers and Directors of the Association, attending all Association Meetings and reporting to the Member Representatives of that Neighborhood all matters discussed at the Association Meetings. The Neighborhood Representative shall also be responsible for delivering to the President of the Association the voting ballots of the Member Representatives located in the Neighborhood Representative's Neighborhood. No Neighborhood Representative shall have any voting rights at any Association Meeting, except in its capacity as a Member Representative and then only in accordance with the terms hereof. A Neighborhood Representative, as such, does not constitute an agent, director, officer or employee of the Association and, unless expressly authorized in writing by the Board, has no authority to represent, bind or take action for and on behalf of the Association.

(2) Election: In order for a Neighborhood Representative to be elected from each Neighborhood, the Board shall cause to be called at least thirty (30) days before the date set for the annual Association Meeting an annual Neighborhood Meeting for each Neighborhood, which Neighborhood Meeting is to be actually held before the annual Association Meeting. For this purpose, each Neighborhood Meeting shall be separate

from every other Neighborhood Meeting. The Board shall cause written notice of the place, day and hour of the annual Neighborhood Meeting to be delivered, either personally or by mail, to each Member Representative whose Lot or Condominium Unit is located within the particular Neighborhood for which the meeting is held, not less than ten (10) days nor more than thirty (30) days before the date of such meeting. If mailed, the notice of such meeting shall be deemed delivered when deposited in the United States first class mail addressed to the Member Representative at his or her address as then designated on the books and records of the Association, with postage thereon prepaid. At the annual Neighborhood Meeting for the particular Neighborhood, a Member Representative from the Neighborhood for which the meeting is called shall be elected to serve as Neighborhood Representative of that Neighborhood by the affirmative vote, either in person or by written proxy, of the Member Representatives in that Neighborhood holding at least a majority of the votes entitled to be cast at such Neighborhood Meeting, provided that a quorum is present at such meeting. For purposes of Neighborhood Meetings, the presence of Member Representatives from that Neighborhood representing ten (10%) percent of the total number of Member Representatives from that Neighborhood shall constitute a quorum at that Neighborhood Meeting. For purposes of determining a quorum on or before the Membership Date for a Neighborhood meeting, the Association shall exclude any Lots owned by a Class E Member in that Neighborhood. If a quorum is not present, the Neighborhood Meeting shall be adjourned to a date selected by the President of the Association which date shall not be less than seven (7) days and no more than twenty-one (21) days after the date originally set for the Neighborhood Meeting. At least three (3) days notice shall be given to each Member Representative within that Neighborhood of the time and place of the adjourned meeting in the manner provided for giving notice in this subparagraph C.(2) However, if a quorum is still not present at the adjourned meeting or if no Neighborhood Representative is elected at any Neighborhood Meeting, adjourned or otherwise, the Board shall appoint, from among the Member Representatives of the particular Neighborhood, a Member Representative to serve as Neighborhood Representative for that particular Neighborhood. After the Member Representative's election or appointment in this subparagraph C.(2), and upon acceptance by the Member Representative of the duties of a Neighborhood Representative, the Member Representative who is elected or appointed and who has accepted the duties shall be considered the Neighborhood Representative for that Neighborhood. If a Member Representative of a Neighborhood is elected by the Member Representatives of that Neighborhood or is appointed by the Board for that Neighborhood and refuses to accept the position and duties as Neighborhood Representative, then that Neighborhood shall not have a Neighborhood Representative until the Member Representatives from that Neighborhood duly elect a Neighborhood Representative for the Neighborhood at the next following annual Neighborhood Meeting.

3. Term: A Neighborhood Representative for a Neighborhood shall serve until that Neighborhood's next following annual Neighborhood Meeting and, thereafter, until his or her successor is elected or appointed and qualified hereunder, unless the Neighborhood Representative earlier dies, resigns, ceases to be a Member Representative, or is otherwise removed from the position. A Neighborhood Representative from a

particular Neighborhood may be removed by the Board only upon the written request of Member Representatives of the particular Neighborhood who represent a majority of the total votes entitled to be cast at the annual Neighborhood Meeting by the Member Representatives from that particular Neighborhood, by delivering, either in person or by mail, a written notice of removal to the Neighborhood Representative. Such removal may be made at any time and with or without cause. Unless a later date is stated in the notice of removal, the removal shall be effective immediately upon delivery of such notice, whether personally or by mail. If a vacancy occurs in any Neighborhood Representative position at any time before the particular Neighborhood's next following annual Neighborhood Meeting, the position shall remain vacant until the next following annual Neighborhood Meeting at which a Member Representative from that Neighborhood shall be elected and qualified to serve as Neighborhood Representative.

4. Notice: The President of the Association may cause to be called special Neighborhood Meetings, and the President shall call at the direction of the Board special Neighborhood Meetings. At least five (5) days written notice of the special Neighborhood Meeting shall be given, either personally or by mail, to each Member Representative whose Lot or Condominium Unit is located within the Neighborhood for which the meeting is called. The notice shall state the time, date and place of the meeting and the purpose or purposes for which the meeting is called. The President of the Association or his designee shall preside at all Neighborhood Meetings. Before any Neighborhood Meeting is held, the Board shall designate the method by which voting for the election of Neighborhood Representatives will occur at the Neighborhood Meeting, and such method may include, but is not limited to, voting by raised hands, oral voting, voting by ballot or voting by mail. The Board in designating the method for voting may allow voting to occur at any time on or before the date set for the Neighborhood Meeting. Except as otherwise provided in this Paragraph C of Article IV, the Neighborhood Meetings shall be conducted under the same rules as set forth in these Bylaws for Association Meetings.

D. Place of Meetings: Association Meetings, whether annual or special, shall be held at such place, within or without the State of Alabama, as may be designated by the Board.

E. Annual Meetings: The Association shall hold its annual Association Meeting during the first week of November in each calendar year on the date and at the time designated by the Board; provided, however, that, if, for any reason, the annual Association Meeting does not take place on such date, then the Board shall call a special Association Meeting in order to take such acts or actions as are or were required to be taken at the annual Association Meeting by these Bylaws. If the designated meeting date shall fall upon a legal holiday, such Association Meeting shall be held upon the next succeeding business day. Failure to hold any annual Association Meeting within the time frame specified shall neither impair the organization of the corporation nor the validity of any corporate action.

F. Special Meetings: The President of the Association may cause to be called special Association Meetings if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Member Representatives representing at least one-third (1/3) of the total

votes of the Association then entitled to be cast at the special Association Meeting. The notice of any special Association Meeting shall state the date, time, and place of such meeting and the purpose or purposes therefor. No business shall be transacted at a special Association Meeting except that as provided for in the notice thereof theretofore or thereafter taken.

G. Notice of Meetings: Written notice stating the place, date, and time of any Association Meeting shall be delivered, either personally or by mail, to the Class E Member, each Member Representative and each Neighborhood Representative not less than ten (10) days nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary of the Association, provided, however, that no notice need be given to the Class E Member, as such, after the Class E Membership Termination Date. If the notice is of a special Association Meeting, the notice shall also state the purpose or purposes for which the meeting is to be held. If mailed, the notice of such meeting shall be deemed delivered when deposited in the United States first class mail addressed to the Class E Member, the Member Representative or the Neighborhood Representative, as the case may be, at his or its address as it last appeared on the records of the Association, with postage thereon prepaid.

H. Waiver of Notice: A waiver of notice of an Association Meeting which is signed by the Class E Member, a Member Representative or a Neighborhood Representative shall be deemed the equivalent of proper notice of the meeting to such signing Class E Member, Member Representative or Neighborhood Representative. The Class E Member, Member Representative, or Neighborhood Representative may waive notice of any Association Meeting, annual or special, either before or after the date set for such meeting in the notice. Attendance by the Class E Member, Member Representative, or Neighborhood Representative at an Association Meeting shall be deemed a waiver by the attending Class E Member, by a Member Representative or by a Neighborhood Representative, of notice of the time, date and place thereof, and of notice of the business to be transacted at such meeting, unless such Class E Member, Member Representative or Neighborhood Representative specifically objects, at the beginning of the applicable Association Meeting, to the lack of proper notice and, thereafter, abstains from voting on all business presented at the meeting.

I. Adjournment of Meetings: If any Association Meeting cannot be held because a quorum is not present, the President of the Association may adjourn the meeting to a time not less than ten (10) days nor more than fifty (50) days from the date of the original meeting. At the meeting to which the original meeting was adjourned, if a quorum is present, any business which might have been transacted at the original meeting may be transacted at such adjourned meeting. Notice of an adjourned meeting need only be given to the Class E Member, each Member Representative and each Neighborhood Representative who did not attend the original meeting. Such notice shall be given at least ten (10) days before the date set for the adjourned meeting.

J. Voting: For each Association Meeting, the Board shall establish the date upon which the notice of a particular Association Meeting shall be sent. In connection with sending out the notice for an Association Meeting, annual or special, the Board shall establish an agenda of items to be presented to a vote at such Association Meeting. The agenda shall state each item to be voted on and specifically describe the proposal relating thereto. Simultaneously with the notice of the meeting, each Member Representative shall be sent both a copy of the descriptive agenda

and a ballot for voting on each agenda item. Each Member Representative shall vote on each item which is to be voted upon by marking the ballot in the appropriate location, signifying whether such Member Representative votes for, against or abstains from the item and signing the ballot. In order to be effective, the sealed ballot must be delivered by the voting Member Representative, either personally or by mail, to that Member Representative's Neighborhood Representative (if there is a Neighborhood Representative serving for that Neighborhood) and must be received prior to the start of the special or annual Association Meeting for which the ballot is given. If, for any reason, there is no Neighborhood Representative for a Neighborhood at the time votes are to be cast for an Association Meeting, the Member Representatives for that Neighborhood shall cast their votes by delivering their sealed ballots to the President of the Association at the principal office of the Association no later than 5:00 p.m. (Montgomery, Alabama time) on the day immediately preceding the date set for the annual or special Association Meeting, as the case may be. The Class E Member shall deliver its signed and marked ballot to the President in accordance with the immediately preceding sentence. No items may be presented for a vote at an Association Meeting unless listed on the agenda. The agenda of items does not limit the discussion at any Association Meeting to only those items listed on the agenda; instead it only limits voting to those items listed thereon. The ballots shall be opened and counted before the Association Meeting. The sealed ballots are to be delivered by the Neighborhood Representative to the President of the Association. The President of the Association and the Neighborhood Representative for the particular Neighborhood shall together count the votes from the ballots and certify the number of votes counted in a writing signed by both the President of the Association and the Neighborhood Representative. If there is no Neighborhood Representative, then the counting shall be performed by both the President and any other officer of the Association, who shall then certify in a writing signed by them the votes counted. If the President is unable to attend the Association Meeting, the Vice President may perform the duties of the President hereunder in his absence.

K. Action of the Members; Quorum: Except as otherwise required herein, the affirmative vote of a majority of the Members present or represented by ballot at the meeting at which a quorum is present, is required in order to take action unless a greater proportion is required by the Act or the Articles of Incorporation. The presence, in person or by ballot, of the Class E Member and Member Representatives who represent ten (10%) percent of the votes entitled to be cast at such meeting shall constitute a quorum at all Association Meetings.

L. Conduct of Meetings: The President of the Association shall preside over all Association Meetings, and the Secretary of the Association shall keep the minutes of the Association Meetings and record in a minute book all resolutions adopted and actions taken at said meetings, as well as the recording of all other business transactions occurring thereat. In order to maintain an orderly meeting, only the Class E Member and the Neighborhood Representatives are allowed to speak at any Association Meeting unless the President of the Association (in his or her sole discretion) recognizes a Member Representative to speak at an Association Meeting.

## ARTICLE V

### BOARD OF DIRECTORS

A. In General: The business and affairs of the Association shall be managed and governed by the Board. The initial Directors named in the Articles of Incorporation and their successors who are appointed by the Board to fill vacancies on or before the Class E Membership Termination Date, need not be Members, provided, however, that all Directors elected after the Class E Membership Termination Date shall be required to be either an individual Member Representative or an officer or authorized agent of a Member Representative which is not an individual. In no event shall an individual and his or her spouse serve on the Board at the same time. In the event a Member Representative which is not an individual is elected as a Director, that Member Representative shall appoint in writing an officer or agent to serve as Director.

B. Number of Directors: In no event shall the number of Directors of the Association be less than three (3) nor more than eleven (11), with the number of directors of the Association to be fixed by the Board. Each Director of the Association shall be an individual who has attained at least twenty-five (25) years of age. The number of initial Directors of the Association named in the Articles of Incorporation is three (3), which shall be the number of Directors fixed by these Bylaws.

C. Nomination of Directors: On and before the Class E Membership Termination Date, no election of Directors to the Board shall be held and, therefore, no nominations for election will be made. After the Class E Membership Termination Date, nominations for election to the Board shall be allowed and shall be submitted in writing to the President or to the Secretary of the Association on or before the deadline set by the Board for accepting nominations. Nominations shall not be permitted from the floor at any meeting.

D. Election and Term of Office: Except for the initial Directors of the Association named in the Articles of Incorporation and their successors before the Class E Membership Termination Date, Directors of the Association shall be elected in accordance with the terms and conditions contained in this Paragraph E of Article V hereof.

(1) In the case of the initial Directors named in the Articles of Incorporation, each Director shall serve until the Class E Membership Termination Date and, thereafter, until his successor is duly elected and qualified in accordance with subparagraph D(2) below, unless such Director's term is earlier terminated as provided in subparagraph D(3) below. The immediately preceding sentence shall be deemed for all purposes to be a provision fixing the term of office of the initial Directors. Any vacancy created on or before the Class E Membership Termination Date in any directorship position occupied by an initial Director shall be filled in accordance with Paragraph F of this Article V.

(2) Within one hundred twenty (120) days after the Class E Membership Termination Date, the then constituted Board shall cause to be called a special Association Meeting for the

purpose of electing an entire new Board; provided, however, that no special Association Meeting need be called if the annual Association Meeting is to be held within one hundred twenty (120) days after the Class E Membership Termination Date. The Member Representatives shall elect a Member Representative for each directorship position by affirmative vote of Member Representatives representing a majority of the votes of the quorum present. The first set of Directors elected after the Class E Membership Termination Date shall be elected for one (1) and two (2) year staggered terms, respectively, and at each annual Association Meeting after such initial set of Directors is elected, Member Representatives will be elected to serve as Directors for each directorship position open for election for a two-year term allowing for continuity on the Board, unless such Director's term is earlier terminated in accordance with subparagraph D(3) below. No Director shall serve for more than two (2) successive terms, except that the Directors elected immediately after the Class E Membership Termination Date, may serve two additional successive two-year terms.

(3) Anything contained herein to the contrary notwithstanding, and regardless of whether such Director is an initial Director, an appointed successor to an initial Director or an elected Director, a Director's term shall automatically be terminated and the Director's position vacated upon the death of a Director, upon said Director ceasing to be a Member Representative (but only if membership in the Association is a requirement for that individual to be a Director), upon voluntary resignation by a Director, upon said Director becoming over sixty (60) days past due in the payment of any Assessment or indebtedness to the Association (but only if membership in the Association is a requirement for that individual to be a Director) or upon said Director being removed from office.

E. Removal of Directors: Directors may be removed with or without cause in accordance with the terms of this paragraph E. On and before the Class E Membership Termination Date, any Director may be removed from office with or without cause only upon the written request of the Class E Member, provided, however, that no Association Meeting need be called to remove the Director. After the Class E Membership Termination Date, a Director may be removed from office only upon the written request of Member Representatives representing a majority of the votes entitled to be cast at a special Association Meeting called for the purpose of removing the Director. A Director shall be removed effective at the time such Director is provided with a written notice of removal unless a later date is specified in the written notice of removal. If a stated purpose in the notice of the special Association Meeting held for the purpose of removing a Director is to provide for the election of the Director, a new Director may be elected at such special Association Meeting.

F. Vacancy: Any vacancy occurring in the Board and any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the then remaining Directors, though less than a quorum of the Board. Any Director appointed to fill a vacancy hereunder shall serve only for the remainder of the unexpired term of the predecessor Director whose term is being filled, unless the Director appointed to fill the vacancy is otherwise elected or reelected to an additional term or terms.

G. Regular Meetings: Regular meetings of the Board shall be held at such time and at such place as shall be determined by a majority of the Directors at the first Board meeting of the fiscal year, provided, however, that at least four (4) such meetings shall be held during each fiscal year with at least one (1) meeting being held per quarter. No notice of said meeting shall be required.

H. Special Meetings: Special meetings of the Board shall be called by the President or Secretary when requested in writing by at least two (2) Directors and may be called at any time by the President, in either case such meeting shall be called by providing notice thereof. The notice shall specify the time and place of the meeting and the purpose or purposes for which the meeting is held. Such notice shall be given to each Director at least forty-eight (48) hours before said special meeting is to commence and may be given by any of the following methods:

- (a) personal delivery;
- (b) telephone communication;
- (c) telecopier facsimile transmission with confirmation of transmission; or
- (d) e-mail transmission of message with a reply containing transmission.

I. Waiver of Notice: Any Director may waive notice of a meeting, either before or after the time stated in the notice for the meeting, by signing a written waiver of notice of the meeting. The waiver of notice need not specify the purpose of said meeting. Attendance of a Director at a meeting shall constitute a waiver of notice by the Director unless the Director objects, at the beginning of the meeting, to the transaction of business at the meeting because of improper notice.

J. Action of Board; Quorum of Directors: The affirmative vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, unless a greater vote is required by the Act, the Articles of Incorporation or these Bylaws. At all meetings of the Board, a majority in number of the Directors shall constitute a quorum for the transaction of business. If a quorum is initially present, the meeting may continue to transact business regardless of the withdrawal of a Director, so long as any action taken is approved by at least a majority in number of the required quorum for that meeting.

K. Conduct of Meeting: The President shall preside over all meetings of the Board and the Secretary shall keep a minute book of the meetings, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meeting.

L. Actions Without Formal Meeting: Any action of the Directors may be taken without a formal meeting if a consent, in writing, setting forth the actions so taken, is signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

M. Powers of Board: The Board shall have all the powers and authority necessary for the administration of the Association's business and affairs. In addition to, and not in limitation of, the foregoing grant of power and authority, the Board shall have the following powers and authority:

(i) To establish, determine and fix all Assessments in accordance with Article VIII hereof;

(ii) To cause the Association to construct improvements and to cause the Association to repair, replace, maintain or improve any improvement on Association Property or upon any Area of Association Responsibility;

(iii) To review and approve the rules and regulations established by the ARB and the procedures relating thereto; and

(iv) To cause the Association to take action to enforce compliance with the Declaration, these Bylaws, the ARB Guidelines and the Rules;

(v) To authorize the Association to repair a Member's Property in order to maintain compliance with the Rules and to assess the Member for such charges and expenses relating thereto;

(vi) To suspend the rights of a Member hereunder pursuant to the terms and conditions of these Bylaws or the Rules, provided, that, the suspension of rights of a Member shall only last for a period in excess of sixty (60) days unless the suspension of rights is due to the Member's failure to pay any Assessment due hereunder;

(vii) To authorize the borrowing of money for the purpose of constructing improvements, repairing, restoring or maintaining Association Property without the direct approval of the membership;

(viii) To adopt rules and regulations regarding Members' use and enjoyment of Association Property, and Areas of Association Responsibility including, but not limited to, rules imposing usage and other surcharges for access or usage of such facilities or amenities and rules imposing limitation use and additional charges for usage and access by renters or other invitees of a Member; and

(ix) To authorize, empower, carry out and take any and all actions, for and on behalf of the Association, that the Board deems necessary or desirable for the purposes of the Association.

(x) To utilize from time to time surplus funds of Association to pay capital expenditures, to establish reasonable reserves for future capital expenditures of the Association and to repay loans obtained for such capital expenditures, howsoever and wheresoever such surplus funds are derived, including, but not limited to, surplus funds derived from Base Assessments, without first having to implement a Special Assessment therefor.

N. Bookkeeping, Accounts and Reports: The Board will see to it that the bookkeeping, accounts and reports of the Association are appropriately and accurately handled. No remuneration will be paid for bookkeeping or accounting services unless approved by the Board. Cash accounts of the Association shall not be commingled with other accounts. An annual

statement reflecting the financial condition of the Association in all material respects shall be completed annually within one hundred twenty (120) days following the end of the Association's fiscal year. The Board may, in its sole discretion, engage the services of an independent certified public accountant to perform an audit of the books of the Association, at the Association's expense, and any such expense shall be deemed to constitute an Expense.

O. Rules and Regulations: The Board shall be authorized and empowered to establish, adopt, modify, amend and nullify rules and regulations regulating the actions of Members and the use of any property in The Waters. The Board may adopt, modify, amend, and nullify any such rules and regulations without any approval of any Neighborhood Representatives.

P. Conference Telephone Proceedings: Directors of the Association may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

## ARTICLE VI

### OFFICERS

A. Officers: The officers of the Association shall be a President, a Secretary, and a Treasurer and each will be elected by the Board. The Board may elect or appoint such other officers at any time and from time to time as it may deem desirable and such officers will have such powers and authorities as are delegated to them by the Board. Any two (2) or more offices may be held by the same person, except that no individual may simultaneously occupy the offices of President and Secretary. An officer is not required to be a Director.

B. Election, Term of Office, and Vacancies: The officers of the Association shall serve until the first meeting of the Board following each annual Association Meeting and, thereafter, until their successor has been duly elected and qualified, unless the term of the officer is earlier terminated by the officer's death, resignation or removal. A vacancy in any office shall be filled by the Board for the unexpired portion of the respective term at the regular or special meeting of the Board next following the event that created the vacancy.

C. Removal: Any officer may be removed by the Board at any time with or without cause upon delivery of a written notice of removal to such officer. The effective date of such removal shall be the date upon which the notice is delivered, if personally delivered, or mailed, if mailed certified mail, return receipt requested, to the officer's last known address with postage prepaid, unless the notice of removal specifies a later date.

D. Powers and Duties of Office: The officers of the Association shall have the powers and duties specified below:

(1) President: The President shall preside "ex-officio" at all meetings of the Board, and shall see that all orders and resolutions of the Board are carried out. The President shall sign all notes, checks, leases, mortgages, deeds and all other written instruments and

documents as may be incidental to the orders and resolutions of the Board, provided, however, that a resolution of the Board shall not be necessary for disbursements of the Association made in the ordinary course of business conducted within the limits of a budget adopted by the Board (if one is adopted). He shall have the active management of the operations of the Association, subject, however, to the control of the Board. In general, he shall perform all duties incident to the office of President and shall have such other duties and responsibilities as are delegated to him or her by the Board.

(2) Vice-President: A Vice-President, if one is elected, shall have such powers and perform such duties as the Board may prescribe or as the President may delegate to him. At the request of the President, any Vice-President may, in the case of the President's absence or inability to act, temporarily act in the President's place. In the case of the death of the President, or in the case of the President's absence or inability to act, without the President having designated a Vice-President to act temporarily in his place, the Board shall designate a Vice-President to perform the duties of the President.

(3) Secretary: The Secretary shall keep or cause to be kept in books provided for the purpose the minutes of the Association Meetings and of the Board meetings; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; shall be custodian of the records and of the seal of the Association and shall see that the seal is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him or her by the Board or by the President.

(4) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts for the Association all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board (if one is adopted). The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President, or, if the President is unavailable, the Vice-President.

E. Resignation: Any officer may resign at any time by delivering a notice in writing to the Board. Such resignation shall take effect either on the date stated in the notice or on the receipt of such notice, whichever is later, and the acceptance of such resignation shall not be necessary to make it effective.

F. Agreements, Contracts, Deeds, Leases, and Checks, Etc.: Subject always to the specific directions of the Board and except as otherwise required in these Bylaws, all agreements, contracts, deeds, mortgages, and other instruments or documents made by the Association or to which the Association is a party shall be executed in its name by the President or the Vice-President, if one is elected, and, when requested, the Secretary or an Assistant Secretary, if one is designated, shall attest such signatures and affix the corporate seal to the instruments.

G. Executive Director of the Association: Subject to the prior approval of the Board, the President may hire an individual to serve as Executive Director to be in charge of the day-to-day operations of the Association and such other individuals as employees of the Association as are deemed necessary or desirable by the President to assist in carrying out the day-to-day operations of the Association. The Executive Director may, in addition to his position as Executive Director, serve as a Director of the Association. The compensation and benefits, if any, to be paid to such Executive Director and employees shall be determined by the Board. The expenses relating to the compensation and benefits shall be considered Expenses of the Association. Any employee of the Association, including the Executive Director, may be removed at any time by the Board with or without cause.

H. No Contract Rights of Employment: Nothing contained in these Bylaws is in any way intended to create contract rights of employment and no provision, and nothing contained herein, shall be deemed or construed to create contract rights of employment for any Director, officer, employee or agent of the Association or to constitute any employee as other than an employee-at-will.

I. Bonding: If the Board so decides, all officers and employees of the Association shall be required to be bonded by a surety company and in an amount both deemed satisfactory by the Board, with such bond fees to be an Expense of the Association.

## ARTICLE VII

### COMMITTEES

A. General: The Board may appoint such committees consisting of at least two (2) Directors (and such other individuals as the Board may appoint, whether the individuals are Members or not) to perform such tasks and to serve for such periods of time as the Board may designate, including, but not limited to, forming committees to govern each Hamlet with such powers and authority as are granted by the Board. Committees shall be established by a resolution passed by the Board, and the powers, duties and operational parameters of the committees shall be as stated within each appointing resolution, provided, however, that the committee shall not be granted authority by the Board that the Act prohibits the committee from having. The Board shall establish the number of persons to serve on the committee and shall select such individuals who are to serve thereon. The Board may remove at any time any individual appointed to serve on a committee with or without cause.

B. Architectural Review Board: The Board will establish, by resolution as a committee, an Architectural Review Board (“ARB”) whose primary functions will be to (i) supervise, monitor, and enforce compliance with the terms and conditions of any Declaration and the ARB Guidelines and (ii) to review on behalf of the Association any and all plans and specifications for any design, placement, construction, demolition, improvement, or grading within The Waters before any such actions take place in The Waters. The number and terms of the individuals serving on the ARB shall be established by the Board, and the individuals selected to serve on

the ARB need not be Members of the Association. Subject to the prior review and approval of the Board, the ARB shall establish the ARB Guidelines. In addition to the authority granted to the ARB in this Paragraph B of Article VII, the Board may, at any time and from time to time, grant, by resolution, the ARB such other authority as the Board deems necessary or desirable. Individuals serving on the ARB shall be entitled to the same indemnification rights as Directors and committee members, and all of the provisions of Paragraph H of Article IX hereof shall apply and be available to each individual serving on the ARB.

## ARTICLE VIII

### ASSESSMENTS

A. Creation of Assessments: At the time a Member commences his membership in the Association and at each time a Member becomes an owner of a fee simple interest in a Lot or Condominium Unit thereafter, each Member covenants and agrees to pay to the Association with respect to each of his Member's Property the following: (a) an Initiation Assessment, as determined and provided for in Paragraph B of this Article VIII, (b) Base Assessments, as determined and provided for in Paragraph C of this Article VIII, (c) Special Assessments, as determined and provided for in Paragraph D of this Article VIII, (d) Neighborhood Assessments, as determined and provided for in Paragraph E of this Article VIII, (e) Individual Assessments, as determined and provided for in Paragraph F of this Article VIII, and (f) any and all other fines, fees (including Amenity Fees), costs, expenses, interest and charges, whether imposed by the Association through action of the Board of Directors (including, but not limited to, fines for violation of Rules adopted by the Board) or incurred by the Association in enforcing and collecting, or attempting to enforce and collect, the Assessments from or against the Member, including reasonable attorneys' fees, costs and expenses, whether incurred at trial or on appeal. Assessments are made on and against the Lots or Condominium Unit, which means that a Member owning Member Property in more than one Lot or Condominium Unit shall be subject to assessment on each Lot or Condominium Unit. All Assessments against a Lot or Condominium Unit, together with all interest on such Assessments, and all costs and reasonable attorneys' fees, including appellate attorneys' fees and court costs, incurred by the Association in collecting or attempting to collect such Assessments, shall be an equitable charge and continuing lien upon such Lot or Condominium Unit, and upon the Member's Property contained therein, to be enforced as hereinafter provided. Each Member shall be personally, and if a Lot or Condominium Unit is owned by more than one Member jointly and severally, liable for the payment of all Assessments imposed against the Lot or Condominium Unit in which the Member owns a fee simple interest. Each Member's ownership of a Lot or Condominium Unit and Member's Property shall be subject to the equitable charge and continuing lien for payment of any and all Assessments imposed against such Lot or Condominium Unit, together with interest on such Assessments, and all costs and reasonable attorneys' fees, including appellate attorneys' fees and court costs, incurred by the Association in collecting or attempting to collect such Assessments, notwithstanding that such Assessments were imposed before that Member's ownership interest arose and notwithstanding that the Member may recover from his grantor any amounts paid by such Member to the Association. Each Member shall be personally, and if a Lot or Condominium Unit is owned by more than one Member jointly and severally, liable for the payment of all interest on such Assessments, and all costs and reasonable attorneys' fees,

including appellate attorneys' fees and court costs, incurred by the Association in collecting or attempting to collect an Assessment imposed against the Lot or Condominium Unit in which the Member owns a fee simple interest. Assessments shall be paid in such manner and on such dates as may be fixed from time to time by the Board in accordance with the other provisions of these Bylaws. All Assessments shall be payable in all events without offset or reduction for any reason. In no event shall a Member's transfer of his Member's Property release or relieve such Member from his obligation or liability to pay with respect to such Member's Property Assessments, with interest thereon, and costs and reasonable attorneys' fees, including appellate attorneys' fees and court costs, incurred by the Association in collecting or attempting to collect the Assessment, which such Assessments, costs and attorneys' fees were payable for a period of time before the date of transfer of the Member's Property. In no event shall the continuing obligation or liability of a Member for payments of Assessments or charges with respect to a Member's Property that was transferred by the Member to a Person or Persons in any way relieve such Person or Persons who receive a fee simple ownership interest in such Member's Property of the recipient Person's or Persons' obligation or liability with respect to the Assessments, including interest thereon, costs, and reasonable attorneys' fees (including appellate attorneys' fees and court costs) imposed by the Association against such Member's Property. Notwithstanding anything contained herein to the contrary, the Class E Member shall not be subject to any Assessments on Lots or Condominium Units owned by it before the Class E Membership Termination Date, in consideration of the expenditure of its funds and the incurrence and payment of costs and expenses in establishing The Waters and the Association and the maintenance of the surrounding areas.

B. Initiation Assessment. In addition to any and all other Assessments, each Member shall be subject to an Initiation Assessment each time such Member shall acquire Member's Property (which Initiation Assessment shall be imposed with respect to each separate Member's Property) and also each time a Member shall lease his or her Member's Property to another Person for a period of 180 days or more; provided that, in the case of leasing a Member's Property, the Initiation Assessment shall be one-half of the then current Initiation Assessment but shall be imposed each time a lease occurs. Each Member shall be required to notify the Association each time a Member Property is leased. Such Initiation Assessment shall be established from time to time by the Board in an amount not to exceed four (4) times the then maximum monthly Base Assessment amount. The Initiation Assessment is in addition to any fees and other Assessments including any review fee imposed by the ARB.

C. Base Assessment: The Base Assessment determined hereunder shall be used by the Association for the payment of its Expenses. For each fiscal year of the Association, after commencement of Base Assessments (as set forth in Paragraph G of this Article), the Association shall assess against each Lot or Condominium Unit a Base Assessment as determined hereinafter by the Board in order to pay such Expenses for the following fiscal year, such Assessment to be payable in advance annually at the times established by the Board. The initial Base Assessment amount shall be the product determined by multiplying the initial base amount of \$1,000 by the Assessment Ratio set forth in the table below based on the type of Lot or the Condominium Unit:

TYPE (AS DESCRIBED IN PATTERN BOOK)	ASSESSMENT RATIO
Residential Lot (House Lot, Sideyard Lot or Cottage)	1.0
Residential Lot (Mansion Lot)	1.2
Residential Lot (Small Cottage, Bungalows or Carriage House)	.9
Residential Lot (Townhouse or Courtyard House)	.8
Live-Work Lot	.75
Commercial Lot	.75
Condominium Unit or Flat	.65

Such Base Assessment amount as determined above for each type of Lot or Condominium Unit shall increase, without the consent of the Members of the Association but only with the approval of the Board, for each fiscal year of the Association thereafter by the greater of the following three (3) amounts for any particular fiscal year: (i) ten percent (10%) of the prior year's Base Assessment amount for each type of Lot or Condominium Unit; (ii) the percentage of the prior year's Maximum Base Assessment amount equal to the percentage increase in the Consumers Price Index (Urban) (as determined in November of a fiscal year for the following fiscal year to which the Base Assessment Amount is to be determined) as compared to such Consumer Price Index's base year (1982-1984); or (iii) the percentage of the prior year's maximum monthly Base Assessment amount for such Lot or Condominium Unit equal to the percentage increase in the Association's actual cost experience determined over the immediately preceding fiscal year. After the initial fiscal year of the Association, the Board shall have the authority to establish the Base Assessment for such Lot or Condominium Unit for each fiscal year at any amount up to and including the maximum amount allowed for such year. After the Board determines the amount of Base Assessments for such Lot or Condominium Unit, the Board shall fix the date upon which the Base Assessments shall be paid by the Members. Except as otherwise provided by resolution of the Board, Base Assessments shall be paid in advance in a single sum annually on such date fixed. The determination of such Base Assessment amounts and the dates upon which such Base Assessments shall be payable, will be mailed to each Member Representative at his or her address as designated on the books and records of the Association. To increase the Base Assessment in excess of the maximum amount that the Board may establish without Member Consent, the increase shall be required to be approved by a majority vote of the Member Representatives.

D. Special Assessments: In addition to the Base Assessments authorized in Paragraph C of this Article VIII, the Association (through action of the Board) may, at any time during each fiscal year, assess and levy on each Lot or Condominium Unit a Special Assessment for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of Association Property, or Area of Association Responsibility or the costs of any construction, reconstruction, repair or replacement of a capital improvement on Association Property or in an Area of Association Responsibility, including any fixtures or personal property related thereto; any significant increases in taxes assessed against the Association that occur after

the Board determines the Base Assessment amount; the costs of holding Association meetings; any fines, penalties or charges assessed against the Association by any Governmental Authority; any tax penalties; any and all litigation expenses not otherwise covered by insurance; reasonable reserves for Association Property; unforeseen operating contingencies; amounts to cover casualties not funded by insurance proceeds; and any other extraordinary costs which do not constitute an Expense of the Association. The Board shall determine the dates upon which such Special Assessments shall be due and payable. The final determination of such Special Assessment amounts and the dates upon which such Special Assessments shall be payable will be mailed to each Member Representative at his or her address as designated on the books and records of the Association.

E. Neighborhood Assessments: The Association, through action of the Board, may at any time during the fiscal year and from time to time during the fiscal year assess and levy on a Lot located within a particular Neighborhood a Neighborhood Assessment or Assessments to fund those costs and expenses of the Association incurred with respect to a particular Neighborhood Area or with respect to a particular Neighborhood by which Members located within that Neighborhood predominantly receive the benefit from the Association outlay, as compared to Expenses of the Association through which all Members benefit. Neighborhood Assessments may also be assessed and levied for those costs and expenses incurred by the Association in causing improvements to be made in the Neighborhood upon the request of the Members within that Neighborhood. The Neighborhood Assessments provided for in this Paragraph may be levied by the Association at any time and from time to time during the fiscal year, and the amount and due date of such Neighborhood Assessment or Assessments shall be as specified by the Board in a notice mailed to the Member Representatives of the Lot or Condominium Unit so assessed at his or her address as designated on the books and records of the Association. The Neighborhood Assessment shall be in addition to any and all other Assessments (whether or not any other Assessments are made), charges, costs, fees and fines provided for under the Declaration, the Articles of Incorporation, these Bylaws and the Rules.

F. Individual Assessments: Any damage to Association Property, or any costs or expenses of the Association, caused or incurred by the usage, negligence, recklessness, or intentional action of less than all of the Members or by any Member, or the respective relatives, agents, guests, servants, employees, invitees or contractors of any Member, shall be specially assessed against the Lot or Lots or Condominium Unit or Units in which the respective Member or Members causing the expenses have Member's Property. The Board shall determine the Members whose usage, negligence, recklessness or intentional action caused the damage or expenses, the amount of the Individual Assessments and the dates upon which such Individual Assessments shall be due and payable. The Member or Members against whose Member's Property such Individual Assessments are made shall be notified in a writing mailed to the Member Representative or Member Representatives for those Lots or Condominium Units being assessed at his or her address as designated on the books and records of the Association. The Individual Assessment is in addition to any other Assessment (whether or not any other Assessments are made), charge, cost, fee or fine provided for under the Declaration, the Articles of Incorporation, these Bylaws and the Rules.

G. Commencement of Assessments: Base and Special Assessments shall commence as to each Lot or Condominium Unit on the date set and on the terms and conditions established by the Board; provided that such Base and Special Assessments shall commence no earlier than fiscal year beginning January 1, 2005 and no later than the earlier of (i) the date of purchase of a Lot by a Person (other than as a Builder), (ii) the first sale of a Lot and improvements thereon or Condominium Unit to the actual homeowner thereof for his or her occupation, (iii) twenty-four (24) months after Builder acquires a Lot without construction of a pier foundation for building thereon (subject to extension if approved by the Board in its sole discretion) or, if the Builder has constructed a pier foundation for a building thereon and shall not have completed the construction of the building within twenty-four (24) months after the construction of foundation, then the expiration of twenty-four (24) months after the construction of the pier foundation thereon (subject to extension if approved by the Board in its sole discretion), or (iv) the occupancy of the improvements on the Lot or Condominium Unit by a Person other than the Member. Any Neighborhood Assessment or Individual Assessment shall commence on the date those Assessments are imposed by the Association through action of the Board. The Initiation Assessment shall commence on each date that a Person becomes a Member of the Association and on each date that an existing Member acquires Member Property in another Lot or Condominium Unit, except that no Initiation Assessment shall be imposed on a Builder until twelve (12) months after a Builder acquires a Lot without construction of a foundation for a building thereon. Any Base Assessment amount that commences on a date after than the first day of a fiscal year shall be prorated on a daily basis based on a 365-day year.

H. Remedies of the Association:

(1) Interest: Each Member covenants and agrees to pay to the Association all Assessments and charges provided for herein when due. In the event any Assessment or any portion thereof is not paid when due, the unpaid portion of the Assessment shall accrue simple interest at the rate of six percent (6%) per annum from and after the due date until the same is paid in full. If the Association engages an attorney to take any legal action in attempting to collect any amounts due from any Member, such Member agrees to pay all reasonable attorneys' fees, court costs and all other expenses paid or incurred by the Association in collecting or attempting to collect the amounts due from such Member. The lien and equitable charge upon each Lot or Condominium Unit, or Member's Property constituting a part of such Lot or Condominium Unit, for payment of Assessments as provided above shall also include a lien and equitable charge for all interest accrued thereon and all reasonable attorneys' fees, including appellate attorneys' fees, court costs and all other expenses paid or incurred by the Association in collecting or attempting to collect any unpaid Assessments.

(2) Enforcement: In the event any Assessments or other amounts due the Association under this Article VIII are not paid by a Member when due, then, in addition to all of the rights and remedies provided at law or in equity, the Association may undertake any or all of the following remedies: (i) the Association may commence and maintain a suit at law against the Member to enforce payment of such Assessments and other amounts due the Association under this Article VIII; (ii) the Association may enforce the lien created pursuant to subparagraph H.3. below in the manner hereinafter provided; and/or (iii) suspend all of the Member's rights to use

Association Property or to exercise any other rights granted in these Bylaws or in any Declaration.

(3) Continuing Lien: A continuing lien is hereby created on each Lot, or Member's Property constituting a part of such Lot, to secure the payment to the Association of any and all Assessments assessed and levied against the Lot or Condominium Unit and all charges, including interest and all reasonable attorneys' fees, including appellate attorneys' fees, court costs and other expenses, incurred by the Association in collecting or attempting to collect such Assessments. If any portion of an Assessment or other amount due the Association under this Article VIII remains unpaid for a period of sixty (60) days after the date such amounts were due, then the Association may, by written notice of default sent to the defaulting Member, demand payment of all delinquent amounts and charges. If the defaulting Member does not pay all amounts demanded within ten (10) days after receipt of the notice of default, the Association may file a notice of lien against the Lot or Condominium Unit to be recorded in the Probate Office. The Member hereby expressly grants the Association a power of sale for the Member's Property along with its lien hereunder. THE LIEN PROVIDED FOR HEREIN MAY BE FORECLOSED IN THE SAME MANNER AS A FORECLOSURE OF A MORTGAGE ON REAL PROPERTY UNDER THE LAWS OF THE STATE OF ALABAMA, AS THE SAME MAY BE MODIFIED OR AMENDED FROM TIME TO TIME. The Association shall have the right and power to bid at any such foreclosure sale and to purchase, acquire, exchange, hold, lease, mortgage, convey and sell any such Lot or Condominium Unit acquired.

Each Member shall be deemed to (1) grant to the Association, acting through its authorized agents, the right and power to exercise the power of sale granted herein and foreclose the lien created herein and (2) grant to the Association the right and power to bring all actions against such Member personally for the collection of all amounts due from such Member without first taking any action against any other Member.

(4) Subordination of Lien: Notwithstanding anything provided herein to the contrary, the lien for Assessments and other charges authorized herein with respect to any Lot or Condominium Unit is and shall be subordinate to: (1) all liens for taxes, prior assessments, and other levies which by law would be superior thereto and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value.

I. Assessments in Addition. The Assessments provided for in this Article VIII in favor of the Association shall be in addition to any and all taxes, charges or assessments imposed upon the Lot or Condominium Unit or the Member's Property pursuant to applicable law or by imposition or levying thereon of a Governmental Authority. The payment of the Assessments called for hereunder shall in no way reduce, abrogate, eliminate, limit or hinder any imposition, levying or exaction of a governmental tax, assessment or charge imposed by state law or any Governmental Authority.

J. Amenity Fee. If a Member shall lease or rent a portion of a Member's Property for occupancy or use and such portion constitutes less than the entire Member's Property for a Lot and, if such lease or rental to a Person is for a period of less than 180 days, then, in addition to

the Initiation Assessment and any administrative or other fees imposed by the Association due in connection with the leasing or rental of a portion of the Member's Property, the Member shall be assessed, as a fee constituting an Assessment hereunder, an "Amenity Fee" which shall be an amount determined by dividing the Base Assessment for the Lot for the applicable year in which the lease or rental commences by 365 and then multiplying the quotient so determined by the number of days for the lease or rental. The Amenity Fee shall be due and payable to the Association prior to and as one of the conditions precedent to any such lessee, tenant or renter being permitted to use the amenities of the Association or being issued a card, permit or other access to any amenity or Association Property of the Association. Such Amenity Fee shall be treated as an Assessment hereunder subject to the terms, conditions and provisions in these Bylaws relating to Assessments including, but not limited to, the enforcement of the same. The Amenity Fee shall be in addition to any and all other fees and Assessments due hereunder.

K. Use of Surplus Funds. Notwithstanding anything contained herein to the contrary, and in addition to all other powers and authority contained herein, the Association is hereby authorized and empowered to utilize from time to time surplus funds, whether now existing or at any time hereafter arising, and whether such surplus funds are derived from Base Assessments or otherwise, to pay capital expenditures of the Association, to repay loans obtained for such capital expenditures and to establish reasonable reserves for future capital expenditures, without having to first authorize the implementation of a Special Assessment therefor.

## ARTICLE IX

### MISCELLANEOUS

A. Fiscal Year: The initial fiscal year of the Association and any changes therein shall be established by resolutions of the Board of Directors as adopted from time to time.

B. Parliamentary Rules: Except as may be modified by Board resolution establishing modified procedures or except as expressly permitted herein, Robert's Rules of Order (the then current edition) shall govern the conduct of the Association Meetings when not in conflict with Alabama law, the Articles of Incorporation or these Bylaws.

C. Conflicts of Law: If there are any conflicts or inconsistencies between the provisions of Alabama law, the Articles of Incorporation, the Declaration, and these Bylaws, then the provisions of Alabama law, the Articles of Incorporation, these Bylaws and the Declaration (in this order) shall prevail.

D. Books and Records: The Declaration, Articles of Incorporation, Bylaws, membership roster, books of account, and minutes of the Association Meetings, the meetings of the Board and committees thereof shall be made available for inspection and copying by any mortgagee, any Member, or by his or her duly appointed representative, at reasonable times and for purposes

reasonably related to the interests of the requesting party, at the office of the Association or at such other place as the Board shall prescribe. The Board may establish reasonable rules for the inspection of such documents, the copying of such documents and the usage of such documents, but in no event will the membership roster be made available to any individual for commercial purposes. Every Director shall have the absolute right, at any reasonable time, to inspect and/or copy any of said documents.

E. Seal: The seal of the Association shall be circular in form and mounted upon a metal die, suitable for impressing the same upon paper. About the upper periphery of the seal shall appear the words "The Waters Assembly, Inc." and about the lower periphery of the seal, the word "Alabama." In the center of the seal shall appear the words "Corporate Seal" and "2004."

F. Notices: Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if mailed by first class mail with postage prepaid addressed to the following addresses:

1. If to a Member Representative or Neighborhood Representative, at the address to which the Member Representative or Neighborhood Representative, as applicable, has designated in writing and filed with the Secretary or, if no such address has been designated, at his or her Lot or Condominium Unit address; or

2. If to the Association, the Board of Directors, or the President, then at the principal office of the Association, if any, or at such other address as shall be designated for said entities or individuals on the records of the Association.

G. Amendment to Bylaws: These Bylaws may be repealed, modified or amended only by a majority vote of those votes entitled to be cast thereon at an Association Meeting at which a quorum is present.

H. Indemnification: No Director or officer, or former Director or officer, of the Association shall be personally liable to the Association or its Members or to any Person for monetary damages for breach of duty as a Director or officer of the Association except for acts or omissions which involve intentional misconduct or knowing violations of the law, or such other act, omission or misconduct for which the law of Alabama prohibits exculpation of such liability.

The Association shall indemnify each and every Director, officer, former Director, or former officer of the Association, and each and every individual who may have served at the Association's request as a director, committee member or officer of another corporation, whether for profit or not, against expenses (including attorneys' fees) actually and reasonably incurred by such individual in connection with the defense of any action, suit or proceeding, civil or criminal, in which such individual is made a party by reason of being or having been such director, committee member or officer, except in relation to matters as to which such individual shall be adjudged in such action, suit or proceeding to be liable for actions which involve intentional misconduct in the performance of his or her duty. If the Act is hereafter amended to provide for

more liberal indemnification of such expenses, such indemnification to the fullest extent then permitted by the Act, as amended, shall be provided such individual. The Association shall further indemnify any individual who was or is a Director, committee member or officer of the Association and any individual who may have served at its request as an officer, director, partner, employee or agent of another corporation, whether for profit or not, against judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action, suit or proceeding, civil or criminal, in which he or she is made a party by reason of serving or having served in such capacities, if such individual acted in good faith and in a manner that such individual reasonably believed to be in and not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the individual did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, shall not of itself create a presumption that the individual had reasonable cause to believe that his or her conduct was unlawful. To the extent that such individual has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to herein or any claim, issue or matter therein, such individual shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith, notwithstanding that such individual has not been successful on any other claim, issue or matter in any such action, suit or proceeding. Any indemnification hereunder shall be made by the Association only as authorized in the specific case upon a determination that indemnification of such individual is proper in the circumstances because such individual has met the applicable standard of conduct set forth herein. Such determination shall be made by (a) the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or even if obtainable a quorum of the disinterested Directors so directs, by independent legal counsel in a written opinion. Expenses (including attorneys' fees) incurred in defending any such action or proceeding may be paid by the Association in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such individual to repay such amount, if any, that shall ultimately be determined that such individual is not entitled to be indemnified for by the Association as authorized herein. When not advanced, such expenses incurred shall be paid upon such terms and conditions, if any, as the Board deems appropriate. The indemnification and advancement of expenses herein provided shall not be deemed exclusive of, and shall be in addition to, any other rights to which those seeking indemnification or advancement of expenses may be entitled under any statute, rule of law, provision of bylaw, agreement, vote of members or disinterested Directors or otherwise. The indemnification and advancement of expenses herein provided shall continue as to an individual who has ceased to be a Director or officer and shall inure to the benefit of the heirs, executors and administrators of such individual. All of the foregoing provisions of this Paragraph H shall apply with like and equal effect to each and every member of the ARB established by the Board in accordance with the Bylaws.

The Association shall have the power, but not the obligation, to purchase and maintain insurance on behalf of any individual who is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association on the ARB or as a director,

officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such individual in such capacity or arising out of such individual's status as such, whether or not the corporation would have the power to indemnify such individual against such liability were such individual working in such capacity for the Association.

I. Miscellaneous:

1. NO REPRESENTATION OR WARRANTY IS MADE BY THE ASSOCIATION OR DEVELOPER IN THESE BYLAWS OR OTHERWISE, NOR IS ANY ASSURANCE GIVEN BY THE ASSOCIATION OR DEVELOPER TO ANY MEMBER OR MEMBERS OR PERSON OR PERSONS, THAT ANY FACILITIES OR AMENITIES ARE OR WILL BE CONSTRUCTED WITHIN THE WATERS BY EITHER THE ASSOCIATION, THE DEVELOPER OR ANYONE ELSE.

2. NOTHING CONTAINED HEREIN SHALL CONSTITUTE OR BE DEEMED TO CONSTITUTE A REPRESENTATION, WARRANTY OR ASSURANCE BY EITHER THE ASSOCIATION OR DEVELOPER TO ANY MEMBER OR MEMBERS OR PERSON OR PERSONS THAT ANY NEIGHBORHOOD SHALL ONLY CONSIST OF SIMILAR OR SAME USE IMPROVEMENTS AND DWELLINGS.

3. NOTHING CONTAINED HEREIN SHALL CONSTITUTE OR BE DEEMED TO CONSTITUTE A REPRESENTATION, WARRANTY, ASSURANCE OR PROMISE TO ANY MEMBER OR MEMBERS OR PERSON OR PERSONS THAT DEVELOPER SHALL AT ANY TIME PLAT ANY ADDITIONAL PROPERTY OR CONTRIBUTE, TRANSFER, CONVEY, PLAT OR DEDICATE ALL OR ANY ADDITIONAL PORTIONS OF THE PROPERTY. NOTHING HEREIN SHALL PROHIBIT THE DEVELOPER FROM DEVELOPING, DEALING WITH OR OTHERWISE USING ANY PROPERTY OUTSIDE THE WATERS IN ANY MANNER AS THE DEVELOPER, IN ITS SOLE DISCRETION, SO DESIRES.

4. NOTHING CONTAINED HEREIN SHALL CONSTITUTE OR BE DEEMED TO CONSTITUTE A REPRESENTATION, WARRANTY OR ASSURANCE BY EITHER THE ASSOCIATION OR DEVELOPER TO ANY MEMBER OR MEMBERS OR TO ANY PERSON OR PERSONS THAT ADDITIONAL LOTS WILL NOT BE ADDED TO A PARTICULAR NEIGHBORHOOD OR NEIGHBORHOODS. IN THE EVENT THAT SUCH ADDITIONAL LOTS ARE ADDED TO A NEIGHBORHOOD OR NEIGHBORHOODS, THE VOTING POWER OF THE MEMBER REPRESENTATIVES WHO ARE OR WHICH ARE LOCATED WITHIN A NEIGHBORHOOD TO WHICH LOTS HAVE BEEN ADDED WILL BE DILUTED AND REDUCED ON A PERCENTAGE BASIS BY THE PLACEMENT OF THE ADDITIONAL LOTS AS COMPARED TO SUCH MEMBER REPRESENTATIVE'S VOTING POWER BEFORE ADDITION OF THE LOTS.

5. NOTHING CONTAINED HEREIN SHALL CONSTITUTE OR BE DEEMED TO CONSTITUTE A REPRESENTATION, WARRANTY, ASSURANCE OR PROMISE TO ANY MEMBER OR MEMBERS OR TO ANY PERSON OR PERSONS THAT THE ASSOCIATION OR DEVELOPER WILL EITHER NOW OR IN THE FUTURE PROVIDE ANY SECURITY FORCE OR ACCESS DEVICE TO PROVIDE PROTECTION FOR MEMBERS, MEMBER'S PROPERTY OR ANY OTHER PERSONS OR PROPERTY LOCATED WITHIN THE WATERS. IN NO EVENT SHALL THE ASSOCIATION OR THE DEVELOPER BE OBLIGATED TO OR BE RESPONSIBLE FOR PROVIDING ANY SECURITY SERVICE OR SERVICES, SECURITY DEVICES, ACCESS DEVICES OR SURVEILLANCE DEVICES TO PROVIDE PROTECTION FOR MEMBERS, MEMBER'S PROPERTY OR ANY OTHER PERSONS OR PROPERTY LOCATED WITHIN THE WATERS. THE

ASSOCIATION AND DEVELOPER SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY DAMAGES OR LOSSES CAUSED BY ANY FAILURE TO PROVIDE ANY SECURITY OR SURVEILLANCE SERVICE OR SERVICES, INCLUDING SECURITY OR ACCESS DEVICES, TO PROVIDE PROTECTION FOR THE PERSONS OR PROPERTY LOCATED WITHIN THE WATERS. FURTHERMORE, THE PROVISION OF A GUARD HOUSE OR ANY OTHER PROPERTY WHICH COULD BE USED FOR SECURITY OR SURVEILLANCE PURPOSES SHALL NOT CONSTITUTE A PROMISE OR OBLIGATION ON EITHER THE ASSOCIATION OR DEVELOPER TO PROVIDE SECURITY OR ACCESS SERVICES EITHER NOW OR IN THE FUTURE. IN THE EVENT THAT ANY SECURITY, ACCESS OR SURVEILLANCE SERVICE OR DEVICE IS PROVIDED BY EITHER THE ASSOCIATION OR THE DEVELOPER, THE ASSOCIATION OR DEVELOPER SHALL BE ENTITLED TO DISCONTINUE ANY SUCH SECURITY SERVICE OR SERVICES, OR DEVICE OR DEVICES, AT ANY TIME AND FROM TIME TO TIME, AND NEITHER ASSOCIATION NOR DEVELOPER SHALL BE RESPONSIBLE OR LIABLE FOR ANY LOSSES OR DAMAGES CAUSED BY SUCH DISCONTINUATION OF SERVICE. IN NO EVENT SHALL EITHER THE ASSOCIATION OR THE DEVELOPER BE RESPONSIBLE FOR ANY DAMAGES CAUSED BY ANY LOSS OF PROPERTY OR INJURY CAUSED TO A PERSON LOCATED WITHIN THE WATERS WHICH DAMAGE OR INJURY IS CAUSED BY THEFT, CRIMINAL ACTIVITY OR ANY OTHER ACTIVITY WHICH COULD HAVE BEEN PREVENTED BY A SECURITY OR SURVEILLANCE SERVICE OR DEVICE.

J. Gender References: Notwithstanding the use primarily of the masculine gender herein, pronominal references to Members, Member Representatives, Neighborhood Representatives, Directors, officers, agents or employees shall include the masculine, feminine and neuter gender, as the context requires.

K. Severability: The invalidity or unenforceability of any particular provision of these Bylaws shall not affect any of its other provisions, and these Bylaws shall be construed in all respects as if any invalid or unenforceable provisions were omitted, giving effect to those provisions which are valid and enforceable under law.

L. Use of Phrases: "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter", and other equivalent words refer to these Bylaws as a whole and not solely to the particular portion thereof in which any such word is used.

M. Annexation of Property: Any further annexation of real property to or for The Waters shall be subject to approval by the Developer on or before the Class E Membership Termination Date or, after the Class E Membership Termination Date, by the affirmative vote of a two-thirds (2/3rds) majority of the total votes entitled to be cast on such matter at an Association Meeting at which a quorum is present.

N. License: Subject to the restrictions and limitations imposed by rules and regulations adopted by the Board from time to time on the use and enjoyment of Association Property by Members (including the Members' families, tenants, guests and invitees) and only as hereinafter provided, each Member is hereby granted a non-exclusive license of use and enjoyment over Association Property and, to the extent necessary to provide access to the Member's Lot or to the extent necessary to provide for utilities serving that Lot, a non-exclusive license for egress and ingress over Association Property; provided, however, that (i) in all events the Association shall have the right and ability to transfer and convey at any time and from time to time a fee simple

title to, or a fee simple interest in, all or any part of Association Property without the joinder of any Member, free and clear from any and all licenses or interests of any and all Members; (ii) in all events the Association, acting through the Board, shall be entitled to adopt at any time and from time to time rules and regulations governing the use or enjoyment of Association Property and the personal conduct of Members (including their families, tenants, guests and invitees) thereon without any Member consent or approval; (iii) the Association may at any time or from time to time charge reasonable admission or other fees for special or extraordinary uses of Association Property without the consent of any Member; (iv) in all events and without in any way limiting the powers of clause (i) above, the Association may transfer at any time and from time to time fee simple title to, or a fee simple interest in, all or any part of Association Property for the purpose of adjusting lot lines, adjusting roadways or infrastructure construction without the joinder or consent of any Member; (v) in all events the Association shall have the right to mortgage or encumber at any time and from time to time the Association Property without Member consent unless such consent is otherwise required elsewhere in these Bylaws; (vi) in all events the Association shall have the right to suspend at any time and from time to time and without the consent of any Member the rights to use and enjoyment of Association Property by any Member (including suspending the use and enjoyment of such Member's family, tenants, guests or invitees) for a period not to exceed sixty (60) days under the terms and conditions of these Bylaws or the Rules, except that such rights of use and enjoyment may be suspended for a period in excess of sixty (60) days for failure to pay Assessments, in which case such rights of use and enjoyment may be suspended until the Assessments are fully paid and satisfied; (vii) the Developer reserves the right to use at any time and from time to time on and before the Class E Membership Termination Date any and all portions of Association Property for any sales or marketing purposes that Developer desires without any Member consent; (viii) the Developer reserves the right to reserve easements across Association Property for development purposes without any Member consent; and (ix) the Developer reserves the right to grant, terminate or vacate at any time and from time to time easements across Association Property for installation and maintenance of utilities, storm water or other water management, or provision of services to units.

P. Leasing of Member Property. Notwithstanding anything contained in these Bylaws to the contrary, in the event that a Member shall lease a Member's entire Property (without the Member occupying any portion of that Member's Property) for occupancy or otherwise by another Person regardless of the length of the tenancy, the Member shall cease to be entitled to use the Association Property by reason of their ownership of the Member's Property so leased for the time period leased. For all purposes under these Bylaws, the Association shall be entitled to enforce, jointly and severally, against the Member and the lessee of the Member's Property as if such lessee was also a Member the terms and provisions of these Bylaws, the applicable Declaration, the ARB Guidelines, and the Rules adopted from time to time by the Board, including, but not limited to, suspending and barring the use of amenities, facilities and improvements or other Association Property by such lessee or Member for failure to adhere to the Rules imposed by Association relating to the use and enjoyment of the amenities including, but not limited to, the registration of the lessee with the Association and the notice of assignment of a Member to the lessee of Member's rights to use and enjoy the Association Property with respect to the Member Property so leased. Any failure by the lessee or the Member to adhere to any of such Rules, these Bylaws, applicable Declaration or ARB Guidelines shall entitle the

Association to impose Individual Assessments, together with interest, fines and penalties, on both the Member and the lessee, jointly and severally, for either the Member's or lessee's failures and may be enforced against the Member and the lessee as Assessments hereunder. Moreover, any failure by a Person living in Member's Property to adhere to any of such Rules, these Bylaws, the applicable Declaration or ARB Guidelines shall be deemed for all purposes to be the failure of a Member under these Bylaws. In no event shall a lessee of any portion or all of a Member's Property be entitled to use any of the amenities or Association Property without (1) the Member in writing assigning to the lessee such right of use, which notice of assignment is required to be delivered to the Association prior to any use, and (2) the payment of all Assessments and fees due with respect to the Member's Property and the leasing as required by these Bylaws and the Rules adopted by the Board.

The amendments adopted on August 7, 2017 are effective as of the date of adoption except that no additional Assessments Amenity Fees or other fees on using a Member's Property adopted on August 7, 2017 shall not become effective until leases or rentals beginning on or after January 1, 2018.

**Certificate of Secretary**

I, \_\_\_\_\_, Secretary of The Waters Assembly, Inc., do hereby certify that the foregoing is a true and complete copy of the Bylaws of this Corporation as amended and in effect as of the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed the seal of this Corporation as of the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

(SEAL)

\_\_\_\_\_  
As Its Secretary

STATE OF ALABAMA            )  
  :  
COUNTY OF MONTGOMERY    )

I, the undersigned authority, a Notary Public in and for said State at Large, hereby certify that \_\_\_\_\_, whose name as Secretary of The Waters Assembly, Inc., a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day, that being informed of the contents of this instrument, \_\_\_\_, as such officer, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

(SEAL)

\_\_\_\_\_  
Notary Public  
My Commission Expires \_\_\_\_\_

**EXHIBIT "A"**

**Legal Description**